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SUBJECT: MEDIA REACTION: U.S.-CHINA RELATIONS, EXCHANGE RATE, YEMEN

Editorial Quotes

1. U.S.-CHINA RELATIONS

a. "The U.S. media slanders that China discriminates against Avatar"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(01/21)(pg 1): "Zhang Hongsen, deputy director of the Bureau of Film, State Administration of Radio, Film and Television, denied that China has taken coercive measures to force the film 'Avatar' to be pulled from Chinese cinemas. Its withdrawal was totally a market result. The U.S. media's speculation has not yet faded, which makes the Chinese people, who were quite ardent about the film, very uncomfortable. The Chinese people don't understand why it is so troublesome to deal with the U.S. and why the U.S. is so picky and unreasonable towards them. The U.S. media's political interpretation amid the conflicts has shown their narrow-mindedness. Zhao Guojun at the Shanghai Academy of Social Science said that watching a film is only an entertainment for the majority of Chinese people, and is not related to anything political. The U.S. media should respect China's will to protect its national film industry. A Swedish scholar also said that the dispute over Avatar shows that a fight between 'Avatar and Confucius' has begun. With China's increasing strength, in the future, the West's confrontation with China may be commenced in various fields."

b. "China can't be 'colonized in thoughts' by the West"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(01/21)(pg 14): "A film critic said that 'Eastern thought civilization is having a cultural collision with Western technological civilization.' The remark is suitable to describe the recent commercial competition of two films, Avatar and Confucius. It can also be used to describe the profound significance that Google's Internet technology has when impacting China's rule of law. The West's leading technology seems to crush all resistance around the world, meanwhile China's cultural values, which the Chinese must safeguard in order to live, are also irresistible. The two sides will fight for their final domain: the people's thoughts. It is arrogance and an ignorance of China's history that some Westerners use to try to change the Chinese people's behavior and even westernize China's system. China has possessed its own unique, persistent civilization and cultural immutability that no other nationality on the earth has ever realized. China is not Hawaii, nor Iraq or Japan in the era of post-WWII. China's modernization speed has gone beyond Westerner's expectations. The time where Chinese thought led the world has been far longer than the time that the Western economy led the world. As long as we all know these facts and give them some respect, we will completely give up the idea of trying to thoroughly reform China."

2. EXCHANGE RATE

"Why not amend the exchange rate to squeeze bubbles?"

The Shanghai-based Shanghai Media Group (SMG) publication, China Business News (Diyi Caijing)(01/21)(pg 9): "The price distortion in interest rates and exchange rates in China's capital market have resulted in a series of problems. The low exchange rate policy is very likely to make the economy suffer from 'economic development path dependency syndrome.' It is not particularly suitable for China to develop an export-oriented economy, which, at least, will not last long in China, which is such a big country. However, activating the domestic consumer market is easier said than done. The financial crisis, which has led to declining trade, provides a good chance for China to adjust; however, the current exchange rate maintained and even reinforced the existing economic pattern. Without effective tools, a breakthrough will be hard to come by. Amending the exchange rate will be the best resolution. In fact, the low exchange and interest rates have jointly maintained the prosperity of the domestic capital market. Changing the exchange rate distortion would be one way to fundamentally address China's internal problems, or at least be useful. Amendments to the exchange rate should not be a gradual approach, otherwise more international capital will come in, and the liquidity of the central bank's hedging capitals will greatly increase, which will hardly effect change. As a result the approach will be blowing bigger bubbles, which will bring a larger destructive effect."

13. YEMEN

"The Global Times reporter witnessed a chaotic Yemen"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(01/21)(pg 16): "If a war is started in Yemen,

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it will become the fourth counterterrorism battlefield following Iraq, Afghanistan and Pakistan. As a result, when they seek more help, the U.S.' ties with its allies will become tense; the West's hatred with the Arab world will intensify and the U.S. will become even more passive in its global strategy. Yemen is filled with sensational rumors. Its society is quite hostile toward the West. Yin Zheng, a researcher at the Institute of Western Asian and African Studies at the China Academy of Social Science, said that Yemen's tribal system has so far been kept complete. In fact every tribal member is more loyal to his tribe than to his country. A Yemeni tribal committee leader said that fighting against Al Qaeda is the government's business and that we are not the government. Yemen has also played an important role as the 'Asia gate.' 60% of China's imported energy will pass through the Gulf of Aden. If Yemen becomes chaotic, China's energy imports will be directly threatened."

HUNTSMAN